

DEVELOPMENT AND DISTRIBUTION AGREEMENT

This Development and Distribution Agreement (the "**Agreement**") is entered into as of June 5, 2019 (the "**Effective Date**"), by and between:

Armoza Formats / Armoza International Media Ltd.

Israeli company registration number 513708107

16 Haarbaa St., 3rd floor

Tel Aviv 6473916, Israel

(Hereinafter: "**Armoza**")

And

(Hereinafter: the "**Participant**")

Armoza and the Participant are sometimes referred to herein individually as "**Party**" and collectively as the "**Parties**".

WHEREAS The Participant has an Idea for Format (as defined hereunder) temporarily named: "_____"; and

WHEREAS The Participant has submitted a pitch entry for participation in Formagination at REALSCREEN WEST 2019, which is scheduled to take place on June 5, 2019, in FAIRMONT MIRAMAR HOTEL, SANTA MONICA, CA (the "**Competition**"); and

WHEREAS By signing this Agreement, the Participant has approved its agreement to be bound by the Rules and Regulations that appear on the Competition website; and

WHEREAS Armoza is engaged in the business of development and international distribution of Formats (as defined hereunder) and television programs; and

WHEREAS The Parties wish to cooperate in the development of the Idea for Format into a Format for international distribution; and

WHEREAS the Parties wish to set the terms regarding the development and distribution of the Developed Format (as defined hereunder), all in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual agreements and covenants contained herein, the Parties hereby agree as follows:

1. Definitions

"Idea for Format" shall mean an initial idea for a TV show presented by the Participant to Armoza for the purpose of mutual development of a Format by the Parties.

- "Format"** shall mean a TV Format based on an original idea which has not been produced or broadcasted, and is fully ready for immediate production of a pilot and/or show based on it. The Format may include primary recordings, of an episode or episodes, or pilot episode, or any part of them if produced and all printed material concerning.
- "Commercialization"** shall mean utilization and/or commercial use, of any kind, of the Developed Format and any derivatives thereof, in accordance with the Distribution License and subject to the provisions of this Agreement.
- "Confidential Information"** shall mean any proprietary, secret, including any trade secret or confidential data and information relating to either Party, its business operations, its products, or belonging to the other Party, or disclosed to a Party by the other Party at any time, including any information disclosed to it by the other Party in connection with this Agreement and the cooperation contemplated hereunder, all whether written, oral or by inspection of tangible objects, and whether or not marked confidential.
- "Distribution Costs"** shall mean any cost, expense and/or payment, of any kind incurred from sales promotion activity in any country, including but not limited to production of marketing and promotional materials, copies, photos, paper work, copies of video and audio tapes, presentation, computer accessories, flights to conventions and festivals, hiring manpower for promotional and sales activity, per diem during stay for sales purposes, taxis and transportation services and so forth.
- "Ownership Rights"** shall mean all rights, title and interest in and to the Developed Format (as defined hereunder) and any derivatives thereof, on an exclusive basis and with no time or place limitation, including but not limited to all intellectual property rights associated therewith, copyrights, moral rights, and international distribution and Commercialization rights.
- "Territories"** shall mean worldwide.
- "Languages"** shall mean all languages.
- "Third Party Agreement"** shall mean a written agreement between Armoza and a third party, under which Armoza shall grant such third party with any or all of the rights as specified in Sections 3.1 and 3.2 below; including option agreements relating to said rights; this, in return for compensation as shall be established by Armoza and the third party within the framework of an agreement.
- "Local Version"** shall mean the adaptation of the Developed Format and any derivatives thereof for a local television program and/or for any other existing and/or future broadcast platforms in each of the Territories and Languages subject to the terms and conditions of this Agreement.

"Total Income" shall mean all the actual revenues derived from the Developed Format and received by Armoza, following deduction of amounts due to third parties within the framework of Third Party Agreements.

"Supporting Materials" shall mean the materials detailed in **Annex A** attached hereto.

2. Format Development

- 2.1. In case the Participant shall be chosen as the 1st place winner of the Competition, the Parties shall cooperate for the purpose of jointly developing the Idea for Format and transforming it into a Format.
- 2.2. As for the rest of the finalists, the decision whether to cooperate for the purpose of jointly developing the Idea for Format and transforming it into a Format, shall be at Armoza's discretion.
- 2.3. The working process of developing the Idea for Format and transforming it into a Format, includes the production of a pilot episode and a trailer and the preparation of the Supporting Materials, all subject to Armoza's discretion (the "**Development Process**").
- 2.4. The Format that shall be jointly developed by the Parties in accordance with the terms and conditions of this Agreement shall be referred to herein as the "**Developed Format**".
- 2.5. In case the Parties shall fail to develop the Idea for Format into a Format within twelve (12) months as of the Effective Date, all rights in and to the Idea for Format shall revert back to the Participant. Notwithstanding the foregoing, Armoza shall have the right to extend the term of the Development Process by an additional period of twelve (12) months, subject to payment of \$5,000 USD to the Participant.
- 2.6. Armoza shall have the right to invest in the Development Process prior to any third party investor.
- 2.7. Should Armoza decide to invest out of pocket expenses in funding the Development Process, in consideration of any amount that Armoza shall invest (including the total prize money), Armoza shall be entitled to Ownership Rights, as follows:
 - 2.7.1. For funding the entire cost of producing a pilot episode and a trailer for the Developed Format – 70% of the Ownership Rights.
 - 2.7.2. For partial funding (including but not limited to, the cost of producing a pilot episode and a trailer for the Developed Format) – 70% of the relative part of Armoza's investment (For example: if Armoza shall invest 50% of the total funding, then Armoza shall own 35% of the Ownership Rights).
- 2.8. In any event of investment by a third party (for financing production costs for any cause- pilot, marketing material and so forth) and/or in case of grant of Ownership Rights to the first broadcaster that shall commission the Developed Format and/or to the editor of the pilot and/or to the producer of the pilot, the Participant hereby authorizes Armoza to grant such third parties a share of the Ownership Rights at Armoza's discretion, provided that the Participant's share of the Ownership Rights shall not be less than 20%.

- 2.9. Should Armoza decide not to invest in funding the Development Process, whether by itself and/or by recruiting a third party investor, Armoza shall notify the Participant in writing and then the Participant shall be entitled to recruit the investment by itself.

3. **Distribution License**

- 3.1. Armoza shall exclusively own the right to internationally distribute the Developed Format and any derivatives thereof (including any spin-offs, remakes and sequels) in the Territories and in the Languages for all existing and all future broadcast platforms and/or Commercial uses (the "**Distribution License**").
- 3.2. The Distribution License shall include Armoza's exclusive license to (i) distribute the Format in the Territories, using the Languages, for the production and broadcasting of Local Versions based on the Format; and (ii) distribute the finished tapes of any Local Version ("ready makes") for broadcasting within the Territories; including the grant of any Commercialization rights; all in accordance with the terms and conditions of this Agreement.
- 3.3. Subject to Section 2.5 above, the Distribution License shall survive in perpetuity, and in any event shall be valid for a period of at least 25 years (the "**License Period**"). For the avoidance of doubt, Armoza's Ownership Rights shall survive in perpetuity.
- 3.4. In consideration of the Distribution License granted to Armoza pursuant to this Agreement, Armoza will receive a thirty-five percent (35%) distribution fee of Total Income (the "**Distribution Fee**").
- 3.5. Any out of pocket investment in funding the Development Process, whether by Armoza and/or by a third party and/or by the Participant (if any), shall be reimbursed prior to revenue sharing as stated in Section 3.6 below following deduction of the Distribution Fee, in the following order: (i) Armoza's investment; (ii) third parties' investment; and (iii) the Participant's investment.
- 3.6. The Total Income shall be received by Armoza and divided between the Parties following deduction of the Distribution Fee, in accordance with their percentage of Ownership Rights.
- 3.7. Armoza shall report to the Participant of its share of the Total Income received by Armoza (the "**Participant's Share**") within up to 14 days from Armoza's receipt of any Total Income, and shall pay to the Participant its share of the Total Income within up to 14 days from receipt of a valid invoice by the Participant. Upon the Participant's request, Armoza shall furnish the Participant with annual deals status report and Total Income received.
- 3.8. For the avoidance of doubt, it is hereby agreed that the Participant is the sole responsible for distributing the Participant's Share of the Total Income with any third parties, such as its relevant partners, to the extent there are any. Armoza shall not be obligated and/or liable in any manner towards any such third parties.
- 3.9. Armoza will bear all Distribution Costs, excluding legal expenses arising from any act or omission by the Participant with respect to compliance with this Agreement and/or any applicable laws.

3.10. In case of termination of this Agreement, Armoza shall be entitled to enter into agreements which are derivatives of deals generated during the License Period, and to move forward with negotiations which have already commenced during the License Period. For the purpose of this Agreement, negotiations shall be considered as being commenced once a financial proposal was given by either party. Armoza shall be entitled to receive the Distribution Fees derived from deals generated during the License Period or any derivatives of such deals including but not limited to license renewal, option extensions option exercise and such.

4. Representations of Participant

The Participant represents, warrants, agrees and undertakes as follows:

- 4.1. It agrees and acknowledges that this Agreement shall only come into effect in case the Participant will be selected to participate in the final stage of the Competition.
- 4.2. It is the sole owner of the Idea for Format and any materials related thereto, including but not limited to, all intellectual property rights, copyrights, moral rights, and international distribution and Commercialization rights and its execution of this Agreement does not constitutes as violation of such third party's rights.
- 4.3. It has the right and power to enter into and perform this Agreement including the grant of the Distribution License as set forth herein.
- 4.4. There are no contractual and/or legal obstacles precluding the Participant from entering into this Agreement and carrying out its undertakings hereunder, and its undertakings to any third parties do not and will not conflict with its obligations hereunder.
- 4.5. The Idea for Format is an original work and does not violate or infringe any existing copyright.
- 4.6. The Idea for Format does not contain any information resulting in breach of copyright and/or related rights, other intellectual property rights, contract rights, civil rights and/or other rights of third parties.
- 4.7. There is no pending resolution regarding any proceeding and/or aspiration related to the Idea for Format or any derivatives thereof, and it has no knowledge of any claim that in this sense may be arisen by any third party.
- 4.8. It shall perform its obligations under this Agreement in conformity with the requirements set forth in this Agreement, in a good manner and standards and in cooperation with Armoza.
- 4.9. It shall not develop and/or distribute and/or market and/or sell the Idea for Format and/or the Developed Format and/or any part thereof directly by itself or by a third party on its behalf, in any country worldwide, except through Armoza, unless it has received prior authorization in writing by Armoza.
- 4.10. It is aware of the fact that the Developed Format can be changed as part of its adaptation for a Local Version and it waives in advance any claim and/or demand regarding such changes.
- 4.11. It agrees and acknowledges that screen credits are subject to the discretion of local broadcasters and to Armoza's business judgement in accordance with the

local industry custom and practice in each territory, and the Participant waives in advance any claim and/or demand with respect thereto.

5. Representations of Armoza

Armoza represents, warrants, agrees and undertakes as follows:

- 5.1. It has the knowledge, capability, professional qualifications, personnel and all the financial means required to perform its obligations under this Agreement.
- 5.2. It has the right and power to enter into and perform this Agreement.
- 5.3. There are no contractual and/or legal obstacles precluding Armoza from entering into this Agreement and carrying out its undertakings hereunder, and its undertakings to any third parties do not and will not conflict with its obligations hereunder.
- 5.4. It shall distribute the Developed Format only in compliance with the Distribution License and subject to the terms of this Agreement.
- 5.5. It shall devote its best efforts to the development and distribution of the Developed Format in the Territories.

6. Indemnification

- 6.1. Each Party shall indemnify, defend and hold the other Party harmless from and against any and all claims, suits, losses, damages, fines, penalties and/or expenses, including, but not limited to, attorneys' fees, arising out of or based upon, any breach or non-performance or misrepresentation in this Agreement.
- 6.2. Without derogating from the foregoing, the Participant shall immediately notify Armoza of any third party claim with regard to the Idea for Format and/or the Developed Format and shall indemnify Armoza from and against any loss, damage or expenses (including attorney's fees) suffered by Armoza as a result of or arising out of or in connection with any breach or non-performance or misrepresentation by the Participant of any of the representations, warranties or other terms in connection with the exploitation of the Idea for Format.

7. Miscellaneous

- 7.1. Relationship- Nothing in this Agreement shall be construed as creating a partnership, employer-employee or franchiser and franchisor relationship between Armoza and the Participant.
- 7.2. Severability- If any provision of this Agreement is found to be unenforceable, the remainder shall be enforced as fully as possible and the unenforceable shall be deemed modified to the extent required to permit its enforcement in a manner most closely representing the intention of the Parties as expressed herein.
- 7.3. Waiver- No failure or delay by either Party hereto in exercising any right, power or privilege under this Agreement shall constitute a waiver thereof nor shall any single or partial exercise by any Party hereto of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

- 7.4. Entire Agreement- This instrument contains the entire agreement between the Parties with respect to the subject matter hereof. Any amendment or variation shall only be valid if in writing and signed by the Parties. The Parties acknowledge that in entering into this Agreement they have not relied upon any representations or warranties other than those expressly set out in this Agreement.
- 7.5. Applicable Law and Jurisdiction- This Agreement shall be governed by and interpreted in accordance with the laws of the State of Israel, without regard to conflict of law principles. The competent courts in the State of Israel shall have exclusive jurisdiction in all matters concerning this Agreement or arising there from.
- 7.6. Confidentiality- Neither Party shall disclose any Confidential Information or use or make a copy of such Confidential Information other than for the purposes of this Agreement, and except as required by law or judicial order.
- 7.7. Setoff- Without derogating from any of the rights of Armoza to any remedy under this Agreement or under any applicable law, Armoza shall be entitled, in any event, to make setoff from any amount owing to the Participant by Armoza under this Agreement, or in connection hereto.
- 7.8. Assignment- Neither Party may assign or transfer, in whole or in part, any of its rights and/or obligations hereunder to any third party without the prior written consent of the other Party. Notwithstanding the foregoing, either Party may freely assign any of its rights and/or obligations hereunder to any successor corporation resulting from any merger or consolidation of such Party with or into such corporation, or to any purchaser of substantially all of its assets relevant to this Agreement, provided that the rights of the other Party shall not be affected.
- 7.9. Notices- Any notice required or desired to be given under this Agreement shall be in writing and shall be sent to the addresses set forth above, by registered mail or delivered by hand to the relevant Party at its address set out at the head of this Agreement. Any notice sent shall be deemed to have been received seven (7) days after posting if sent by registered mail as aforesaid or immediately upon delivery by hand.
- 7.10. Counterparts- This Agreement may be executed in counterparts, each of which will be deemed an original as regards any Party whose name appears thereon and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed by its duly authorized representatives as of the Effective Date.

Armoza International Media Ltd.

The Participant

Annex A

Supporting Materials

Below is a list of materials required for the distribution of the Developed Format to the international market.

The Parties shall collaborate in creating the materials.

All materials shall be in English or translated into English.

PR Materials

- Seasonal synopsis
- The format logo in an open layered Photoshop file- PSD as well as JPEG 300dpi in print quality.

Mini Bible

This is a detailed document in English that shows the format and its main points, while putting an emphasis on its character, its existing items and elements to help the production company sell the format in the best way. The mini bible will be written in collaboration and coordination with Armoza Formats. It will include:

- Seasonal synopsis
- Episode synopsis
- Description of the characters
- Casting information
- A list of unique selling points (USP) that can assist in selling the format
- Presentations that have been prepared with the concept of the format, the structure of the episode, casting guidelines or any other information, or presentations and explanations about the game play (in the case of game shows)
- A detailed budget of the show, per episode as well as a seasonal perspective
- An example line-up of one episode per season
- Competitive environment- are there similar formats around the world? If so, what do they have in common and what separates this format from the rest? Where have the other formats been broadcast, how many seasons, and how successful were they?

Production Bible

A detailed document in English that contains every aspect and item collected and learned about the format. The bible will be written in collaboration with Armoza Formats. The bible will include, but not limited to these items:

- A full and detailed production guide including the structure of the production, the budget per episode and per season, budget items, editing schedule, how many minutes\ shots were filmed per day (in dramas), tips (for example: we filmed 2 episodes in one day and then filmed one concentrated day for the host for the entire season).
- A budget of the show in the country (if there is such an option)- for example renting their villa, post editing in the country and so forth.
- Casting details- a detailed process of the auditions including forms, questionnaires, research, etc.

- A full explanation of the format- how it was created, was need it comes to serve, what is its genre.
- A detailed and comprehensive explanation of each part of the format- the different sections, episode line-up, game play in a game show, etc.
- A full list of tasks, games and details (if any)
- Changes in the format throughout the seasons (if there were)
- In Game-shows- a summary of the prizes given (the sum amount for the winners' the average sum of money won per episode, etc.).
- Sponsor details- who were the sponsors (if there were), how involved were they and how effective was their part.
- A guide\ presentation for the use of the products related to the show (if applicable)-like a phone application for the show, a cook book, internet games, etc.
- Safety instructions for the participants (game shows and reality)
- Line-ups of all episodes (game shows and reality)
- Music- music library details and/ or the original music of the format with the credit of the creators with it.
- Set design and locations- sets, floor plan, dimensions, budget and photos from the set and from the locations.

Video

- The trailer in English or with English subtitles, 2-3 minutes in length that explains the format clearly and will be used as a selling tool.
The trailer will be made be made in collaboration with Armoza Formats, and will be given in broadcast quality on a hard drive as well as a high quality online file in the following formats: MP4/WMV.
Font for trailer subtitles (also suitable for presentations):
Ariel regularSize: 80 (with black shadowing and contour)
If there is one line of subtitles it should be the bottom one.
The space between the lines should be 10 pixels space from the lowest frame 20%

Other Materials:

- All original music tracks - will be given as online files, ready for editing and transmission including a sound bible as guidance.
- Worldwide clearances.
- The opening video will be open for editing audio files as well as the opening sequence video. The graphics will be in an open file for renewed editing and processing.
- Graphics will be given in broadcast quality. (like the money tree, ID, arrows, titles, fillers, animation, etc.)

Thank you and good luck!